

Minority Business Development Agency



Enabling Legislation

MBDA operates under the authority of Executive Order 11625 of October 13, 1971. **The agency was created to assist minority businesses in achieving effective and equitable participation in the American free enterprise system.**

Bureau Context

While 28 percent of Americans are minorities, only 11 percent of business owners are minorities, and minority businesses generate only 6 percent of total business receipts. MBDA exists to increase the participation of minorities in our Nation's and the world's commerce.

MBDA helps minority individuals form and grow businesses by assisting them to obtain access to the marketplace and capital. MBDA also assists minority businesses by identifying new business opportunities here and abroad, informing minority-owned businesses about those opportunities, and assisting them in taking advantage of them.

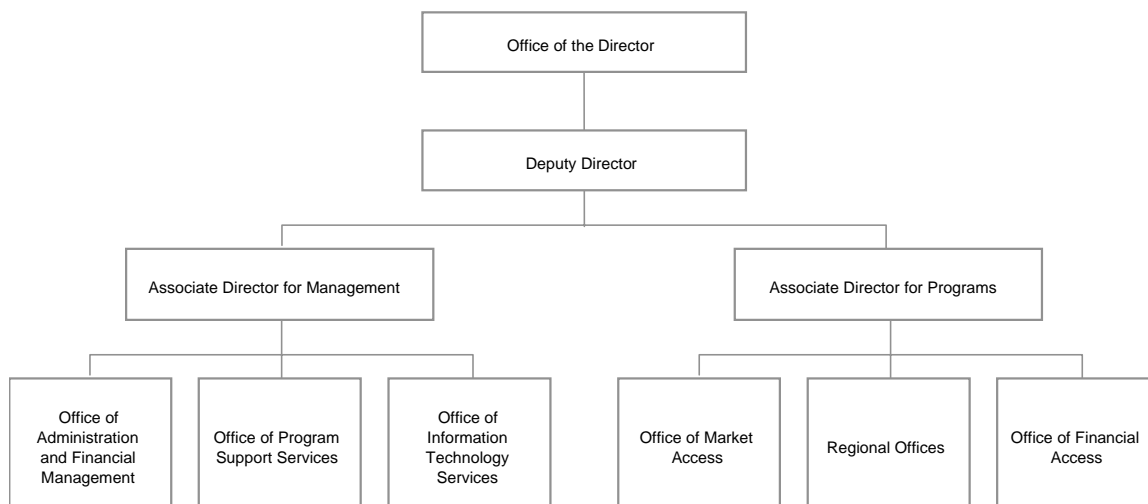
Priorities and Initiatives

Digital Department - MBDA will expand the Phoenix Database which matches minority-owned firms with opportunities to participate on contracts and procurements. MBDA will also implement a Business Geographic Information System which will be used to deliver market information to minority firms via the Internet.

Organizational Structure

MBDA serves minority-owned businesses from its Washington, D.C. headquarters and from its Regional Offices in New York, Chicago, San Francisco, Dallas, and Atlanta, as well as from District Offices in Boston, Philadelphia, Miami, and Los Angeles. In addition, MBDA funds 41 Minority and Native American Business Development Centers, 7 Minority Business Opportunity Committees, and 5 Business Resource Centers. The following organization chart reflects an improved structure to better focus on promoting business and economic development for minority-owned businesses.

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Measures and Targets Summary

Goal: Improve opportunities for minority-owned businesses to have access to the marketplace

Measure

Dollar value of contracts generated by assisted minority-owned businesses

Target

\$548 Million

Goal: Improve the opportunities for minority-owned businesses to pursue financing

Measure

Number of business loans received by assisted minority-owned businesses

Target

858

Dollar value of business loans to assisted minority-owned businesses

\$475 Million

Resource Requirements Summary



\$27.6 Million



120 FTEs
Skills: Marketing, Finance, Research, IT/Internet



IT Requirements: \$1 Million

Minority Business Development Agency

Improve opportunities for minority-owned businesses to have access to the marketplace



Rationale for/Comments on Performance

Goal:

Minority-owned businesses are connected to the Internet at lower rates than non-minority-owned businesses. Electronic commerce is the fastest growing sector of the economy, presenting opportunities for minority businesses.

Owners of minority businesses require specialized assistance to expand and diversify into areas such as franchising, international trade, business-to-business sales, large-scale financial capital, aquaculture, biotechnology, and manufacturing technology.

Exports to foreign countries represent a \$900 billion market for American firms. Minority firms currently export at lower rates than non-minority firms, and could benefit greatly from this opportunity.

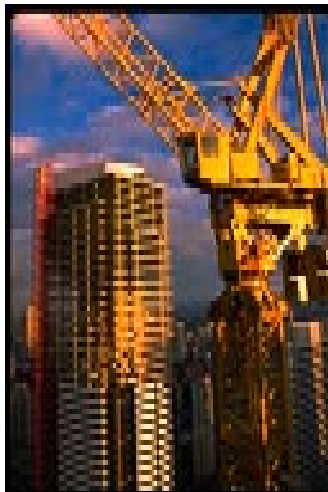
Measure: Dollar value of contracts awarded

Contracts Generated by Assisted Businesses					
\$ Value in millions					
Year	1998	1999	2000	2001	2002
Target	\$533	\$548	\$548	\$650	\$700
Actual	\$300	TBD	TBD	TBD	TBD

MBDA recognizes the importance of developing more outcome-oriented performance measures to assess the impact of its programs. One measure which MBDA has examined is a measure of gross receipts:

Total dollar value of gross business receipts generated by assisted minority-owned businesses

The data to support this measure is not currently available. MBDA will work to develop this data during fiscal years 1999 and 2000. In FY 2001, MBDA will include this measure in the Commerce Annual Performance Plan.



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Data Validation and Verification

Target:	\$548 Million
Data Source:	MBDA's Performance Management Database System
Frequency:	Annual
Baseline:	To be established in FY 1999
Data Storage:	MBDA's Performance Management Database System
Verification:	MBDA will conduct a 100% client verification survey
Comment:	MBDA's Performance Management Database System will be fully implemented in FY 1999

Means and Strategies

- MBDA staff have developed an electronic matching system to link minority-owned firms automatically to at least 25,000 new business opportunities worth about \$200 million.
- MBDA provides assistance to more than 8,000 minority-owned firms each year via Minority/Native American Business Development Centers, Business Resource Centers and Minority Opportunity Committees.

Minority Business Development Agency

Improve opportunities for minority-owned businesses to have access to the marketplace (cont.)



Crosscutting Activities — Department-Wide

- MBDA works with *EDA* to assure that minority-owned businesses are included in all EDA programs .
- MBDA works with *ITA* to assure that minority-owned businesses are included in Department trade missions.
- MBDA works with *NIST* to include minority owned businesses in programs such as the Manufacturing Extension Program (MEP).
- MBDA is working with *NTIA* to develop a memorandum of understanding on licensing of radio frequency spectrum.

Resource Requirements



\$15.3 Million



39 FTEs
Skills: Marketing, IT/Internet



IT Requirements: \$1 Million

Crosscutting Activities — Other Federal Agencies

- MBDA works with the *SBA* to assure that minority-owned small businesses receive all the services available to other businesses.

External Factors

- The overall health of the economy may influence the \$ volume of gross receipts for all businesses, including minority-owned businesses.

Minority Business Development Agency

Improve opportunities for minority-owned businesses to pursue financing



Rationale for/Comments on Performance

Goal:

Obtaining financing is a necessary first step to creating and/or growing a business. Studies show that minorities are approved for new business loans at lower rates than non-minorities.

Measure: Number of financing opportunities (loans)

Year	Number of Business Loans				
	1998	1999	2000	2001	2002
Target	858	858	858	925	975
Actual	1,070	TBD	TBD	TBD	TBD

Data Validation and Verification

Target:	858
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Verification:	MBDA will conduct a 100% client verification survey
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Measure: Dollar value of financing opportunities (loans)

Year	Value of Loans (Millions)				
	1998	1999	2000	2001	2002
Target	\$462	\$447	\$475	\$500	\$550
Actual	\$198	TBD	TBD	TBD	TBD

Data Validation and Verification

Target:	\$548 Million
Data Source:	MBDA's Performance Management Database System
Frequency:	Annual
Baseline:	To be established in FY 1999
Data Storage:	MBDA's Performance Management Database System
Verification:	MBDA will conduct a 100% client verification survey
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Minority Business Development Agency

Improve opportunities for minority-owned businesses to pursue financing (cont.)



Means and Strategies

- MBDA promotes minority business lending with financial institutions, arranges loan pre-qualification for minority business enterprises, and assists in establishing memoranda of understanding for minority-owned businesses with private and public sector resources.

Resource Requirements



\$1 Million



7 FTEs
Skills: Finance, Research

Crosscutting Activities

- MBDA works with *EDA* and *SBA* to provide access to their loan guarantee programs.

External Factors

- The overall health of the economy and prevailing interest rates may influence the number of loans to all businesses, including minority-owned businesses.



IT Requirements: None